

## Message Text

CONFIDENTIAL

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ACTION EUR-12

INFO OCT-01 ARA-06 EA-07 ISO-00 EURE-00 SSO-00 NSCE-00

USIE-00 INRE-00 SP-02 AID-05 EB-08 NSC-05 TRSE-00

SS-15 STR-04 OMB-01 CEA-01 L-03 H-01 PA-01 PRS-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 LAB-04

SIL-01 /088 W

-----251706Z 110816 /53

O R 251557Z APR 77

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 3607

INFO ALL EC CAPITALS

USMISSION OECD PARIS

AMEMBASSY CARACAS

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY BERN

AMEMBASSY LISBON

C O N F I D E N T I A L EC BRUSSELS 4117

E. O. 11652: GDS

TAGS: EFIN, EAID, EEC, PO

SUBJECT: FINANCIAL ASSISTANCE TO PORTUGAL

REF: (A) STATE 88960; (B) EC BRUSSELS 4035 (NOTAL)

1. AS A FOLLOW-UP TO PRESENTATION TO EC COMMISSION OFFICIALS BY UNDER SECRETARY COOPER AND ASSISTANT SECRETARY HARTMAN ON APRIL 20 (REPORTED REFTEL B), MISSION OFFICER CALLED ON FROSCHMAIER, EXTERNAL RELATIONS COMMISSIONER HAFERKAMP'S CHEF DE CABINET, FOR FURTHER DISCUSSION OF FINANCIAL ASSISTANCE PROGRAM FOR PORTUGAL. MISSION OFFICER REVIEWED MAIN POINTS SET FORTH REFTEL A, ALSO INFORMING FROSCHMAIER OF OUR CONFIDENTIAL

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APPROACHES TO EC MEMBER STATES AND PRESIDENCY, BUT OMITTING TARGET FIGURES.

2. FROSCHMAIER SAID HE WOULD RECOMMEND TO HAFERKAMP THAT LATTER RAISE OUR PROPOSAL FOR NEW LENDING ARRANGEMENT DURING RESTRICTED LUNCH WHICH WILL TAKE PLACE IN CONNECTION WITH EC FOREIGN MINISTERS' COUNCIL MEETING

IN BRUSSELS MAY 3. IN PERSONAL COMMENT, FROSCHMAIER SAID HE THOUGHT THAT EC MEMBER STATES MIGHT FIND IT EASIER TO PARTICIPATE IN THE FRAMEWORK OF A COMMUNITY CONTRIBUTION, SUCH AS THE LOAN FACILITY ARRANGED TO ASSIST ITALY, THAN THEY WOULD THROUGH INDIVIDUAL CONTRIBUTIONS. SUCH A FACILITY, HE POINTED OUT, WOULD REQUIRE A NEW EC COUNCIL DECISION, AS WELL AS RATIFICATION BY MEMBER STATES AND CONSULTATION WITH EUROPEAN PARLIAMENT, SINCE EXISTING FACILITY IS BASED ON A COUNCIL DECISION WHICH LIMITS RECIPIENTS TO MEMBER STATES. FROSCHMAIER SPECULATED, HOWEVER, THAT, IF THIS ROUTE WERE TAKEN, NECESSARY ACTION COULD BE COMPLETED BY THE END OF THIS YEAR.

3. COMMENT AND RECOMMENDATION: SINCE INSTRUCTIONS CONTAINED REFTEL A WERE NOT CLEAR ON THE POINT, MISSION OFFICER DID NOT REPEAT NOT REQUEST THAT EC COMMISSION SEND REPRESENTATIVE TO MEETING AT IMF/WORLD BANK HEADQUARTERS IN PARIS MID-MAY. WE REQUEST AUTHORITY TO DO SO SOONEST, HOWEVER, SINCE (1) COMMISSION WILL PROBABLY LEARN ABOUT MEETING FROM EC PRESIDENCY OR MEMBER STATES ANYWAY AND NO DOUBT WONDER WHY, IF WE ARE ASKING FOR COMMISSION'S SUPPORT, THEY ARE NOT INCLUDED IN MEETING OF POSSIBLE PARTICIPANTS; AND (2) COMMISSION OFFICIALS HAVE ALREADY TAKEN SYMPATHETIC APPROACH TOWARD LENDING EFFORTS, AND ARE CLEARLY LOOKING FOR WAYS TO BE HELPFUL. REQUEST INSTRUCTIONS SOONEST. HINTON

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NNN

## Message Attributes

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